99th Congress, 2d Session - - - - - - - - - - - House Document 99-181

REPORT ON RESCISSION PROPOSAL

COMMUNICATION

FROM

THE COMPTROLLER GENERAL OF THE UNITED STATES

TRANSMITTING

A REPORT ON A RESCISSION PROPOSAL CONTAINED IN THE PRESIDENT'S THIRD SPECIAL MESSAGE FOR FISCAL YEAR 1986, PURSUANT TO 2 U.S.C. 685

MARCH 12, 1986.—Referred to the Committee on Appropriations and ordered to be printed

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U.S. GOVERNMENT PRINTING OFFICE

71-012 O WASHINGTON : 1986

H 180-20

COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D.C. 20548

March 11, 1986

B-220532

The Honorable Thomas P. O'Neill, Jr.
Speaker of the House of Representatives

Dear Mr. Speaker:

On February 5, 1986, the President's third special message for fiscal year 1986 was submitted to the Congress pursuant to the Impoundment Control Act of 1974. On February 25, 1986, we reported on D86-37 of the third special message. This letter is our report, as required by section 1014(b) of the Act, 2 U.S.C. § 685(b), on one rescission proposal in that message, affecting $521,274,850 of budget authority for discretionary grants for urban mass transportation systems, and three deferrals affecting budget authority for the President and for the Departments of Energy and Transportation, totalling $150,113,000.

In order to give the Congress timely information on impoundments, this and our February 25 report on D86-37 cover some of the impoundments in the third special message concerning which members of Congress have expressed concern. We will shortly report on the remainder of the third special message.

DEPARTMENT OF TRANSPORTATION

R86-67 Urban Mass Transportation Administration
Discretionary Grants
Amount proposed for rescission: $521,274,850
69X8191

Of the amount proposed for rescission, $223,600,000 is an impermissible reimpoundment and should be made available for obligation. We are notifying the Secretary of Transportation of this decision and will monitor the Secretary's actions.

Section 3 of the Urban Mass Transportation Act of 1964, as amended, 49 U.S.C. § 1602, authorizes the Urban Mass Transportation Administration (UMTA) to make discretionary grants or loans to states and to local government agencies, for the construction, acquisition, and rehabilitation of public transportation vehicles and facilities. Out of total budgetary resources of $1,611,812,260, the President proposes to rescind $521,274,850, intended for new public mass transportation systems and new extensions of older systems, so-called "new start" projects.

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This account was the subject of a deferral in the President's first special message for fiscal year 1986, October 1, 1985 (D86-21). Deferral No. D86-21 reported the withholding of $223,600,000, intended for new start projects, from total budgetary resources of $1,638,375,604. In his justification of Deferral No. D86-21, the President said,

> "The Administration has determined that the * * * $223.6 million should not be obligated since these funds would not provide sufficient resources to complete the desired 'new start' projects in these five cities. * * * Given the need to reduce Federal expenditures now and in the coming years, the Federal Government cannot promise that the * * * shortfall in funding will be provided, especially since this Administration would oppose authorizations and appropriations to provide these 'new start' funds."

The President explained that the funds would therefore be deferred "until final decisions are made on other mass transit projects for which the deferred funding can be more effectively and efficiently obligated."

The Congress expressly disapproved D86-21 in the Continuing Appropriations Act for fiscal year 1986, which the President signed, and directed that the funds be made available for obligation. Pub. L. No. 99-190, December 19, 1985.

The justification for the current rescission is essentially identical to that given for the earlier, disapproved, deferral, except that the new justification adds, as an additional basis for the statement that the government cannot promise to fund completion of the new start projects, the passage of the Balanced Budget and Emergency Deficit Control Act of 1985, Title II, Pub. L. No. 99-177, 99 Stat. 1038 (Balanced Budget Act). We do not find this to be a significant new consideration justifying a reimpoundment.

D86-53 Maritime Administration
Operations and training
Amount deferred: $9,350,000
69X1750

Of the amount deferred, $8,500,000 is an impermissible reimpoundment and should be made available for obligation. We are notifying the Secretary of Transportation of this decision and will monitor the Secretary's actions.

In the Supplemental Appropriations Act for fiscal year 1984, the Congress appropriated $8,500,000, to remain available until expended, for acquisition and preconversion costs for a replacement training vessel to be used at the State University of New York Maritime College. Pub. L. No. 98-396, 98 Stat. 1372 (1984).

The $8,500,000 was the subject of a deferral in the President's sixth special message for fiscal year 1985, February 6, 1985 (D85-54). In his justification of D85-54, the President stated that there was no need to replace the college's current training vessel. The Congress, however, expressly disapproved D85-54 in the Supplemental Appropriations Act for fiscal year 1985, which the President signed. Pub. L. No. 99-88, 99 Stat. 300 (1985).

The President now proposes to defer again these same funds, along with $850,000 of other budget authority for the Maritime Administration's operations and training expenses, and to use the $8,500,000 instead for operation and training activities of the Maritime Administration in fiscal year 1987. His 1987 budget proposal contains language which, if enacted, would accomplish this.

The first deferral proposed to transfer the training ship funds to other Maritime Administration activities. (The first deferral was not accompanied by a legislative proposal, as was this one, but the Administration agreed that legislation would be necessary to do what it proposed.) The current deferral likewise proposes to transfer the funds to other Maritime Administration activities. In disapproving the first deferral, the Congress has already in effect made a judgment that the training vessel is needed and that the transfer should not take place. The current justification does not provide, in our judgment, a substantial new basis justifying the reimpoundment.

D86-38 Energy Programs
Energy supply, research
and development
Amount deferred: $65,763,000
89X0224

B-220532

Of the funds appropriated for Energy supply, research and development, the Energy and Water Development Appropriations Act for fiscal year 1986, Pub. L. No. 99-141, 99 Stat. 572 (1985), provides that $25 million shall be available for construction of five university projects: the Advanced Science Center, the Center for Science and Technology, the Center for Energy and Biomedical Technology, the Energy and Mineral Research Center, and the Demonstration Center for Information Technologies. This deferral includes the $25 million appropriated specifically for those five projects, and $13,489,000 of additional budget authority for some or all of the five projects, as well as funding for a sixth project, the National Center for Chemical Research. The Secretary of Energy has advised that the Department is converting the deferral of $38,489,000, attributable to these six projects, to a rescission proposal, to be reported in the very near future.

The remaining $27,274,000, which was not earmarked for any particular project, continues to be deferred. According to the message, the Department proposes to reprogram these funds to defray 1987 costs of its Technical Information Management programs.

FUNDS APPROPRIATED TO THE PRESIDENT

D86-35 Multilateral Development Bank
Contribution to the Special
Facility for Sub-Sahara Africa
Amount deferred: $75,000,000
11X0086

This report deals with an impoundment which ended on January 17, 1986. However, the amount available for the intended purpose has been reduced by $3,225,800, which was sequestered under the Balanced Budget and Emergency Deficit Control Act of 1985, Title II, Pub. L. No. 99-177, 99 Stat. 1038 (Balanced Budget Act).

The Continuing Appropriations Act for fiscal year 1986, Pub. L. No. 99-190, December 19, 1985, appropriated $75 million for payment to the Special Facility for Sub-Saharan Africa. The Appropriations Act directed that the funds be paid to the Facility no later than December 31, 1985, but it also stipulated that the funds were to remain available until expended.

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In this message, the President reports that the funds were deferred until January 17, 1986, pending review of the budget implications of the Balanced Budget Act. Under the Balanced Budget Act, obligated balances were not subject to sequestration. Thus, had this budget authority been obligated by December 31, it would not have been affected by the reductions required by that Act. As a result of the sequestration process, $3,225,800 was sequestered; the remaining $71,775,000 was released for obligation.

Except as noted above, we identified no additional information regarding these impoundments that would be useful to the Congress. Our report on the remainder of the third special message will follow shortly.

Sincerely yours,

Milton J. Socolar

Acting Comptroller General
of the United States

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Shelton J. Dovolan

Acting Comptroller General
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